Delaware Water Pollution Control Revolving Fund

Implementation Initiative

For

Watershed Improvement Projects

Special Solicitation

April 30, 2019

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL

WATERSHED STEWARDSHIP - NONPOINT SOURCE PROGRAM

OFFICE OF THE SECRETARY - ENVIRONMENTAL FINANCE

- Welcome
- Introductions

Department of Natural Resources and Environmental Control:

- Terry Deputy, Director, Division of Watershed Stewardship
- Greg Pope, Engineer VI, Acting Administrator, Environmental Finance
- Jim Sullivan, Planner IV, Nonpoint Source Program
- Laura Robbins, Fiscal Management Analyst, Environmental Finance
- Laura Rafferty, Administrative Specialist II, Environmental Finance

Please Ensure That You Sign-In

Workshop Purpose

- To provide detailed overview of the CWSRF Watershed Improvement Projects Implementation Initiative
- Applicant Eligibility
- Sector Eligibility
- Watershed Criteria
- Project Evaluation Criteria
- Answer Your Questions

Brief History – Delaware's CWSRF Program

- 1990 Delaware's Water Pollution Control Revolving Fund (WPCRF), aka Clean Water State Revolving Fund (CWSRF) was created
- Department of Natural Resources and Environmental Control (DNREC)
 Environmental Finance administers the CWSRF Program
- Program Capitalization \$293.6 Million: \$247M Federal and \$46M State
- CWSRF Loan Activity: ~ \$475M
 - 107 Municipal Loans Closed ~ \$458M
 - 518 Residential Failed Septic System Replacement Loans ~ \$8.5M
 - 784 NPS Poultry Waste BMPs ~ \$6.5M
 - 46 NPS Dairy Waste BMPs ~ \$1.0M

8 NPS Related Loans ~ \$1.0M

Brief History – Delaware's CWSRF Program

Non-Federal Administrative Fund:

• Funded from ½ interest received from CWSRF Municipal Loans

Loan and Grant Uses Provided to Residents and Local Communities:

- Due-On-Transfer Residential Failed System Replacement Loans
- Wastewater Matching Planning Grants
- Surface Water Matching Planning Grants
- Community Water Quality Improvement Grants
- Asset Management Plan Development Incentive Grants

CWSRF Annual Program Funding Set Asides

- \$5m Land Conservation Loan Sponsorship Program
- \$1.5m Non-Point Source Projects (Septic Systems, Poultry & Dairy BMPs)

No Limit – Water Quality Improvement Loan Sponsorship Program

- It is the desire of the DNREC to utilize this initiative as an opportunity to accelerate financing partnerships for the implementation of large scale water quality improvement projects that are designed to restore water quality as part of specific Delaware priority watershed improvement plans.
- These projects may occur on both urban and non-urban sectors within EPA recognized priority watersheds in Delaware. (e.g. Appoquinimink, Broadkill, Chester / Choptank, Christina, Inland Bays, Little Assawoman Bay, Nanticoke, Pocomoke/Wicomico, St. Jones, Upper Chesapeake)
- The Department of Natural Resources and Environmental Control has developed a two- step selection approach to implementing these large scale water quality improvement projects:
 - Applications will be evaluated by the Division of Watershed Stewardship, Nonpoint Source Program (NPS) on merits of eligibility, geographic scope, watershed impairment, watershed plan, water quality improvement, and program capacity.
 - The second step will involve the review of the applicant's financial capacity to enter into a loan with DNREC's Environmental Finance.

- Applicants are limited to those with the necessary legal authority to enter into a loan agreement with the Department of Natural Resources and Environmental Control (DNREC) for a loan through the Clean Water State Revolving Fund (CWSRF) program.
- Eligible applicants include state agencies, counties, municipalities, other commissions and political subdivisions or interstate bodies with the capacity to borrow. Partnerships are encouraged where necessary to promote larger projects that are beyond the capacity of smaller organizations.
- Applicants will be required to demonstrate financial capacity and eligibility to borrow CWSRF funds as a pre-qualification.
- There is \$2.5 million available for loans under this special solicitation. The total CWSRF loan request cannot be less than \$500,000 and no greater than \$1,000,000.
- The loan interest rate shall be zero percent, and there will be no accrual of loan interest through project completion. After a borrower has successfully completed their watershed implementation project, the outstanding principal loan balance shall be forgiven.

Project Eligibility

- Restoration of water quality benefits are eligible within the Clean Water Act, Sections 319 and 320.
- Projects must meet the EPA definition of either Green Infrastructure or Environmentally Innovative.
- Must be in an EPA Priority Watershed (Appoquinimink, Broadkill, Chester / Choptank, Christina, Inland Bays, Little Assawoman Bay, Nanticoke, Pocomoke/Wicomico, St. Jones, Upper Chesapeake)
- Project funding is limited to necessary planning, design, and construction costs; operation and maintenance costs will not be funded.
- For an application to be considered eligible for funding, all work included in the project must take place within the State of Delaware.

Ineligible Costs and Projects

• Projects required by enforcement action taken by DNREC, punitive or penalty related requirements, required mitigation, are ineligible for these funds.

Project Duration

• The project implementation should not extend beyond 1 year of the date of loan settlement.

Insurance

• There are insurance requirements for loan recipients. Applicants should review their existing insurance coverages and determine if their existing insurance coverage meets the requirements set out below. If the Applicant's current insurance does not meet the requirements set out below, please explain in your submittal how any deficiencies in the required insurance coverages will be handled. Certificate of Insurance and/or copies of the insurance policies will be required before a loan is executed.

Loan recipients shall maintain the following insurance during the loan term:

- Worker's Compensation and Employer's Liability Insurance in accordance with applicable law, and
- Comprehensive General Liability \$1,000,000.00 per occurrence/\$3,000,000 general aggregate, and
- Medical/Professional Liability \$1,000,000.00 per occurrence/\$3,000,000 general aggregate; or
- Miscellaneous Errors and Omissions \$1,000,000.00 per occurrence/\$3,000,000 general aggregate, or
- Product Liability \$1,000,000.00 per occurrence/\$3,000,000 general aggregate, and
- If required to transport state employees, Automotive Liability Insurance covering all automotive units used in the work with limits of not less than \$100,000 each person and \$300,000 each accident as to bodily injury and \$25,000 as to property damage to others.

Application Format

• Applicants should describe, within your application, how the project meets the program goals and priorities, the geographic scope of the project, cost effectiveness of the project, technical merit and feasibility, and organizational capacity to complete the project. The recommended length (not including cover page, signature page, and exhibits) of the proposal is 5-6 pages. Applicants may be contacted if the selection committee has any questions regarding your proposal.

Cover Page

- The cover page should include the project title, partners/sponsor(s), point of contact information, period of time the project will cover (e.g. 6 months, 1 year, etc.), project cost, requested amount of funding, and information contained in the below summary table.
- Total drainage area being treated (acres) and associated runoff curve number
- % Impervious Area
- Best Management Practice(s) Proposed or Type of Innovative Project Proposed

Total runoff reduction proposed and/or nutrient reduction (from DURMM v.2)

Financial pre-screening and Signature Page

- The applicants will need to include their answer to the following questions on this page:
 - Does the applicant have legal authorization to borrow funds? Yes or No
 - Type of anticipated loan security? (e.g. Revenue Pledge, General Obligation Bond, Surety or Performance Bond, Other)
 - Does the applicant have audited financial statements? Yes or No
 - If yes, give the most current date available.
 - If no audited financials, list last date and type of financials? (i.e. Tax Return)
 - If required, does the applicant have a dedicated source of repayment? Yes or N
 - If yes, list the source of revenue or funds available.
 - What is the current debt service for the applicant's Water/Sewer Fund? (\$)

• What is the current O, M, & R of the applicant's Water/Sewer Fund? (\$)

Financial pre-screening and Signature Page - continued

- This page should also contain the signatures of:
 - The applicant
 - Landowner(s) on which the project will occur
 - The responsible party for who would sign for the loan
 - Signature of any party leveraging funds.
 - Letters of support from the landowners may be included in this section.

Background and Justification

- Briefly describe the issue or problem to be addressed by the project, why the work is necessary, and how it fits with the implementation initiative criteria.
- Describe where the project is located including its watershed, municipality, and site location, and its geographic characteristics such as recharge feasibility, TMDL reduction requirements, etc.

Scope of Work

- This section should describe an objective and what is to be accomplished
- location where the work will take place
- who will complete the work
- organizational capacity to complete the project
- a work plan to accomplish your task
- and description of environmental and multiple benefits resulting from your project.

Time Schedule and Benchmarks

- Break down the Scope of Work into tasks with target dates (weeks, months) for completion of each task
- List target milestones, timelines, and describe how each milestone addresses project objectives.

Project Budget

- Provide a detailed budget description and a brief narrative justification of the budget.
- Include the amount requested and itemize all expenditures such as personnel/salaries; travel, equipment, supplies, contractual costs, indirect costs, and leveraging sources and amounts.

Qualifications

Include a list of applicant's qualifications to complete the project.

Selection Process

- Applications will be reviewed for threshold eligibility purposes as described in this announcement.
- A team of resource and financial experts will conduct a merit evaluation of each eligible application, rank them, and submit recommendations for funding to the Delaware Water Infrastructure Advisory Council.

Review and Ranking Criteria

- The following evaluation criteria will be employed when reviewing and screening applications.
- Information on how each one of these will be fulfilled should be included in the proposal.

Review and Ranking Criteria

Geographic Scope – Criteria Point Value: 0-10

- The proposal shall thoroughly identify the geographic setting of the project.
 - The watershed and sub-watershed shall be identified (i.e., Deep Creek subwatershed within the Chesapeake Bay watershed)
 - The municipality contained within (i.e., county or town/city).
 - The site specific information (i.e., street location, parcel identification, waterbody draining to, etc.)
 - Any site reconnaissance information, including but not limited to: recharge feasibility mapping, soils mapping and/or soils testing, contours via Lidar data or survey, drainage area/acres treated, % impervious cover.
 - An aerial of the project area must be included within the limits and important features clearly noted. Additional exhibits are encouraged.

Review and Ranking Criteria

Watershed Impairment – Criteria Point Value: 0 - 30

- The impairments of the watershed and/or site area should be noted, including management plans that have been developed.
- The TMDL reduction requirements established
- Local factors and concerns (i.e., in a CSO area, in a highly impervious area with no stormwater controls, in a highly eroding stream channel, etc.)

Watershed Plan – Criteria Point Value: 0 - 15

- Project listed in an EPA Priority Watershed management plan (Appoquinimink, Broadkill, Chester / Choptank, Christina, Inland Bays, Little Assawoman Bay, Nanticoke, Pocomoke/Wicomico, St. Jones, Upper Chesapeake).
- The following is a web page link to an inclusive list of various watershed plans on the Division of Watershed Stewardship's webpage.

http://www.dnrec.delaware.gov/swc/wa/Pages/WatershedManagementPlans.aspx

Review and Ranking Criteria

Water Quality Improvement - Criteria Point Value: 0 - 30

- Benefits to water quality within a Delaware Priority Watershed.
- Projects can address more than one Watershed as long as all projects are identified within an approved watershed management plan.
- The TMDL reduction of the proposed project must be included.

Program Capacity – Criteria Point Value: 0 - 25

- Organizational experience of applicant, partners and consultants/contractors (if known).
- If any necessary consultants or contractors are not known at the time of proposal preparation, then the means of selecting a qualified candidate should be described.
- An appropriate licensed professional is required to seal construction plans for implementation projects.

HOW TO APPLY

Submission of Proposals

• An electronic copy of the application and supporting materials (e.g. project support letters from partners) in pdf format AND a copy in Microsoft Word must be submitted to the Nonpoint Source Program no later than 3:30 pm, on September 16, 2019. The emailed application must be less than 10 megabytes in size. Applications will not be accepted by facsimile machine submission. Please send submissions to:

Jim Sullivan
James.Sullivan@delaware.gov

Subject: Watershed Improvement Project

AFTER APPLICATION APPROVAL

- After approval of project pre-applications by the DNREC Secretary, the Environmental Finance Office will assist applicants with completing required CWSRF loan documents to include:
 - Preliminary Engineering Report
 - Environmental Information Document
 - SRF Application and Financial Documents
- After the loan review process, each project will be presented at WIAC for recommendation to the Secretary for issuance of a CWSRF Binding Loan Commitment Letter. They will be mailed to applicants detailing the approved loan amount, loan terms, and program requirements.
- Returned signed Binding Commitments from applicants will commit CWSRF funding for the proposed project.

LOAN CLOSING

- Loan closing is the next step in the process.
- If the applicant is a municipality with the ability to issue a general obligation pledge as security for the proposed loan, their legal counsel will be contacted to prepare for loan closing.
- For other applicants, their legal ability to issue a revenue pledge as security or issuance of a surety bond for the loan will be explored.
- Otherwise, an applicant may be required to partner with a municipality as the project sponsor.
- Loan closing costs are eligible CWSRF loan expenses and will be forgiven at successful project completion.
- Should the loan not be forgiven as a result of non-completion of the project, the borrower will be required to repay the principal amount advanced and outstanding.

AFTER LOAN CLOSING

- After loan closing, borrowers may submit incurred project expenses with detailed invoices, loan reimbursement forms will be provided.
- All funded projects will be assigned an Environmental Finance Office Engineer as DNREC's Project Manager.
- There will be ongoing project inspections as necessary. Borrowers will be required to submit regular reports during the project period with a final report required at project completion. Specific reporting requirements will be provided in the financing agreement.
- A project presentation to the WIAC at the end of the project period may be requested.
- All borrowers are required to comply with all state and federal laws and all applicable CWSRF program requirements.

Important Dates and Schedule

• <u>September 16, 2019</u> - Proposals due to the DNREC Nonpoint Source Program office no later than 3:30 p.m. Applications received after that time will not be reviewed.

Please send submissions to:

Jim Sullivan

James.Sullivan@delaware.gov

Subject: Watershed Improvement Project

 October 16, 2019 - Selected Applications will be presented to the Water Infrastructure Advisory Council on the revised 2019 Project Priority List and revised 2019 Intended Use Plan

CONTACT INFORMATION

For further details regarding the Watershed Improvement Projects Implementation Initiative, applicants are encouraged to contact:

- For Project Application Questions contact:
 Jim Sullivan, Nonpoint Source Pollution Program
 James.Sullivan@delaware.gov
- For SRF Loan/Project Management Questions contact:
 Greg Pope, Environmental Finance
 <u>Greg.Pope@delaware.gov</u>

Additional information is available online at:

https://dnrec.alpha.delaware.gov/environmental-finance/

Questions?